

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

The Honorable John Snow
Secretary, United States Treasury Department
Annual Testimony, International Financial System and
International Monetary Fund

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I want to welcome my good friend John W. Snow, the Secretary of the Treasury, to the Financial Services Committee in his first appearance before our panel. This hearing is mandated by the 1999 foreign operations appropriations bill which provided an \$18 billion funding increase to the IMF. We had planned on holding this hearing in early March; however the events in Iraq demanded the Secretary's attention and oversight.

The IMF plays an important role in ensuring economic stability around the world. As the largest contributor to the IMF, the United States provides this institution with over 17.5 percent of the total resources. As a result, it is critical for Congress to ensure that the taxpayer dollars spent on IMF programs are spent wisely and in accordance with the goals and objectives of the U.S. government. Today's hearing will give Members of the Committee an opportunity to learn more about the activities of the IMF and the reforms sought for this institution. Additionally, I look forward to a dialogue on the state of the international financial system in general and the Treasury Department's activities.

Mr. Secretary, we have seen the success of our military in toppling a corrupt regime that oppressed its people and threatened the security of its neighbors. Now that military activities have slowed, I am interested in learning more from you about the rebuilding of Iraq. Last month, Subcommittee Chairman King and I sent a letter to the President of the World Bank strongly urging him to commit staff and resources to the rebuilding of Iraq. I am deeply concerned that any delay in the commencement of activities in this country for purposes of gaining U.N. support could result in a missed opportunity for the people of Iraq. The World Bank and the other aid institutions must act quickly to help bring stability to this country and restore freedom and prosperity to the people of Iraq.

I understand that the Treasury has sent many technical advisors and contractors into Iraq to help restart the economy. I am very interested in learning about the status of these efforts and to what extent the IMF will participate in the development of monetary policy for the newly liberated Iraqi people.

Debt relief is an issue that we have been examining here on the Hill for many years. There are a number of proposals that have varying costs and varying amounts of empirical data on their effectiveness. The Administration has requested \$75 million in additional funding for the HIPC Trust Fund. I believe that we must live up to our commitments in the HIPC program, but there seems to be a growing consensus that more debt relief will be needed in the future. Can you share with the Committee your thoughts on the HIPC

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program and what additional debt relief measures you think are needed or appropriate? The Committee looks forward to working closing with you in developing an effective and workable debt relief strategy.

I would like to address the recently proposed Millennium Challenge Account. This account will direct bilateral assistance to countries that are committed to ruling justly, investing in people, and promoting economic freedom. As proposed by the President, the Secretary of the Treasury would sit as a member of the board of directors overseeing the account and would play a key role in setting the performance standards for the distribution of aid. If this board becomes the primary body in which U.S. bilateral aid policy is developed, I would be interested in hearing what role it would be expected to play in development of U.S. multilateral aid policy. It makes sense to me that U.S. bilateral and multilateral policy should be as consistent as possible.

Finally Mr. Secretary, I would like to address the development bank authorizations before this Committee. Congress appropriated \$ 959 million for U.S. participation in the International Development Association, the Asian Development Fund, and the African Development Fund; however, the expenditure of those funds has not yet been authorized. In the 107th Congress, this Committee and the International Monetary Policy and Trade Subcommittee held eight hearings related to the authorization of those institutions. I want to thank you for working closely with the Committee on a bipartisan basis to formulate an authorization package for these institutions, and I look forward to finalizing a proposal soon.

Secretary Snow, welcome. I look forward to your testimony.

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